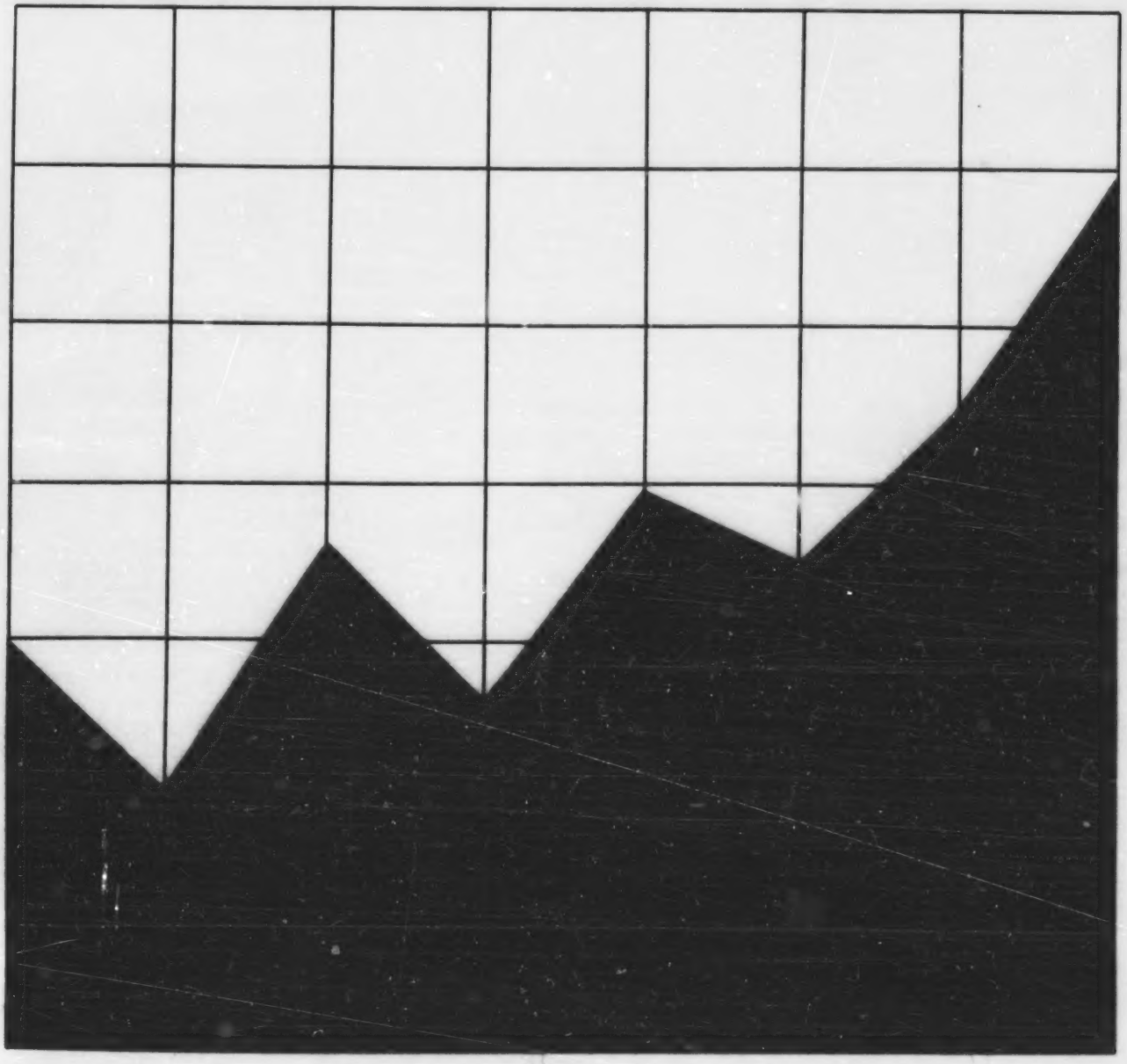
N. S Govt P

Ceased publication Economic Review

Economic Review Nova Scotia 1970

LEGISLATIVE LIBRARY
WITHDRAWN
LIBRARY OF ONTARIO
APR 21 1971
RECEIVED

Voluntary Planning Board



101-03294/

TABLE OF CONTENTS

	Page
Introduction	2
Summary	
Graph	4
Table	5
Population	6
Employment	9
Investment	12
Output	15
Incomes	18
Prices	20
Housing	21
Retail Trade	22
Projections 1971-1981	23

Introduction

During 1970, the Nova Scotia economy closely paralleled the national economy as the battle against inflation continued to be waged by federal policies of monetary and fiscal restraint. The resulting effects of this struggle to combat and contain inflation were costly and to a large degree unsuccessful, as prices continued to rise and unemployment reached crisis proportions across the country, particularly during the latter part of the year.

However, there were some rather spectacular differences in the performances of the national and provincial economies – differences that suggest underlying strengths in the provincial economy and the strong possibility of continued and accelerated rates of growth in the future.

Three areas where Nova Scotia's performance in 1970 was encouraging were investment, income and employment. Many of the other economic indicators and particularly those which measure real output, showed the signs of a slowdown in 1970.

While population continued to increase at a very slow rate, 1970 saw a reversal in the long-term downward trend of the birth rate. This suggests that we have probably reached the low point and that the birth rate will probably stabilize at a slightly higher level, although lower than the rates that prevailed in the early sixties. Although the increase in birth rate, with the death rate remaining constant, would have meant an increase in population, outmigration increased sufficiently to restrict the net population growth to the level of last year.

In spite of the unchanged level of population increase, the labour force grew at a slightly slower rate than last year, partly as a result of reduced entry into the labour force by many would-be entrants, some of whom elected to continue their education. The decline in the labour force was particularly accentuated in the first few months of the year.

As a result of these movements, slow population growth, increased outmigration, low increase in the labour force, and reduced participation, the increase in employment was small and the unemployment rate, though higher than last year, was better than the Canadian average for a large portion of the year. However, during the first few months of the year and again in December, the unemployment rate was higher than the Canadian average.

The highlight of Nova Scotia's economic performance in 1970 was capital investment. It is difficult to say exactly what caused the large increase in investment at a time when conditions should have argued against its occurrence. Expectations of higher costs in the future might encourage such an investment boom, but this theory does not appear to have applied to Nova Scotia. It appears more likely that the nature of this large investment was a solid response to a very strong demand in particular areas, and confidence in the future of Nova Scotia. Capital investment holds a promising outlook for future years.

The revised intentions for capital expenditures as published by the Private and Public Investment Outlook for 1970 show Nova Scotia to be leading the other provinces. The percentage increase in total investment for Nova Scotia is expected to be higher than for any other province in 1970. Additionally, the percentage increase in business private investment is very high, far greater than in any other provincial economy and higher than it has been in Nova Scotia during the past decade.

While investment expenditure expectations were high, the level of real output declined slightly in the primary sectors as a result of continued structural rationalization in mining, and a strike in the fisheries sector. However, output increased in manufacturing, construction and power.

In terms of incomes, Nova Scotia's performance in 1970 is expected to be higher than the national rate of increase with the result that in percentage terms Nova Scotia's per capita income should exceed eighty per cent of the Canadian average. This will be the highest level attained in the history of the Province. The year to year change for Nova Scotia in 1970 is not as great as for 1969, but the relatively poorer performance of the Canadian economy accounts for the narrowing of the gap in per capita personal income.

While Nova Scotia's money income rose, the level of price increase in 1970 reduced the level of real income. Although the increase in the Consumer Price Index was considerable, significant declines in food and clothing prices in the latter part of 1970 contributed to keeping the percentage increase in the Index below the 1969 increase.

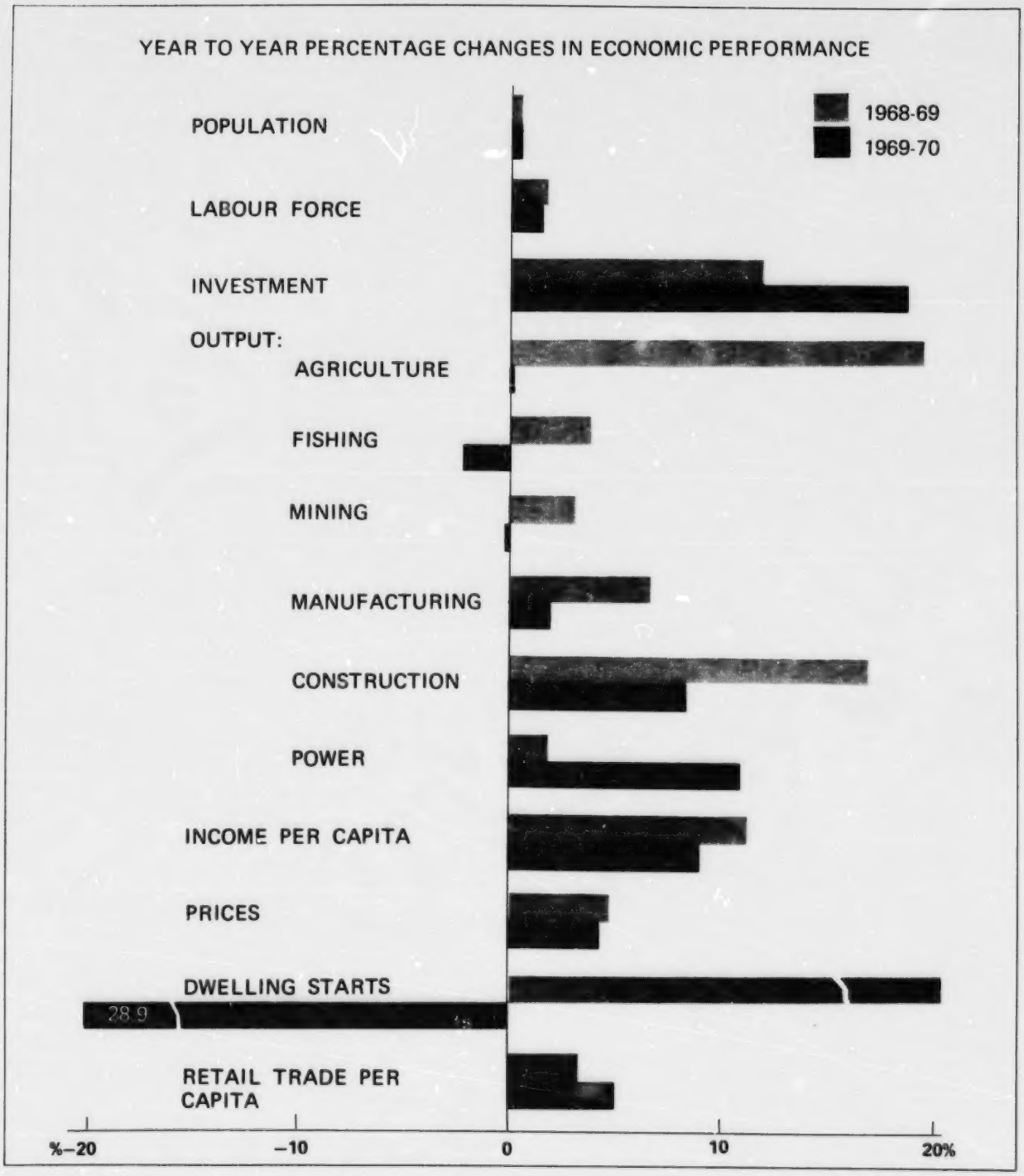
Housing starts, which were down considerably in 1970 over 1969 (although 1969 was a very strong year for housing starts), declined as a result of scarce mortgage money and high interest rates.

Another contributing factor to Nova Scotia's performance in housing starts in 1970 was the lack of any highly organized housing industry and the attendant inability on the part of individual contractors to be able to withstand the vagaries of the housing market, which resulted in increased housing costs. In looking to late 1971 and early 1972, it can be expected that housing starts will increase substantially as a result of a combination of factors. These factors are the very high demand for housing, plus the anticipated easing of federal monetary and fiscal policies with its attendant effects of increasing the money supply and lowering interest rates, along with provincial programs to assist housing. The one area of concern is the trend in the movement away from construction of single-family dwellings to all other types of dwelling and the necessity for strengthening the ability of this industry to be more responsive to demand and change.

In looking ahead to 1971, the prospects appear strong for Nova Scotia, particularly in the light of some impending developments which will substantially alter the potential for a more rapidly accelerating rate of economic growth. There are high expectations for potential economic exploitation of offshore oil and natural gas resources, which in addition to their directly stimulating economic benefits may exert their major effects indirectly by lowering fuel costs in this Province. Additionally, the developments now occurring in shipping and more particularly the new technology of containerization may well bring substantial indirect benefits to the Province of Nova Scotia and more specifically Halifax. The prospects of the harnessing of the Bay of Fundy tides for production of power are also encouraging. The potential for the viable rejuvenation of the coal and steel industry of Cape Breton and the investment required to achieve this augurs well for the future.

In the final part of this Review, there is a section on projections to 1981. These projections based on past trends, while showing a very positive growth into the future, have to be considered in the light that they are purely mathematical projections. However, it becomes difficult to contain one's enthusiasm for the future of the Province when the possibilities as enumerated above are carefully analyzed.

Summary


YEAR TO YEAR PERCENTAGE CHANGES IN ECONOMIC PERFORMANCE
1968-69
1969-70
POPULATION
LABOUR FORCE
INVESTMENT
OUTPUT:
AGRICULTURE
FISHING
MINING
MANUFACTURING
CONSTRUCTION
POWER
INCOME PER CAPITA
PRICES
DWELLING STARTS
28.9
RETAIL TRADE PER CAPITA
%–20
–10
0
10
20%

NOVA SCOTIA'S ECONOMIC PERFORMANCE

	1969	1970	% Change 1969-1970
Population[1]	763,000	766,000	+ 0.4
Employment:			
Labour Force	258,000	261,000	+ 1.2
Employed	244,000	246,000	+ 0.8
Unemployed	14,000	15,000	+ 7.1
Investment: ($ millions)	513.2	609.8	+ 18.8
Output:			
Agriculture ($'000)	63,014	63,030*	+ 0.0
Fishing ($'000)	56,632	55,569	- 1.9
Mining ($'000)	58,632	58,558	— 0.1
Forestry - see p. 16			
Manufacturing ($'000)	719,500	733,300	+ 1.9
Construction ($'000)	447,882	485,500	+ 8.4
Power (millions of kwh)	3,112	3,457	+ 11.1
Incomes:			
Total Income ($millions)	1,760	1,925*	+ 9.4
Income Per Capita ($)	2,307	2,513*	+ 8.9
Prices:			
Consumer Price Index (1961 = 100)	119.5	124.4	+ 4.1
Housing:			
Dwelling Starts (Urban Centres)	4,018	2,857	— 28.9
Dwelling Completions (Urban Centres)	2,692	2,969	+ 10.3
Retail Trade:			
Total Retail Trade ($'000)	894,382	940,208	+ 5.1
Retail Trade Per Capita ($)	1,172	1,227	+ 4.7

(1) as of June 1

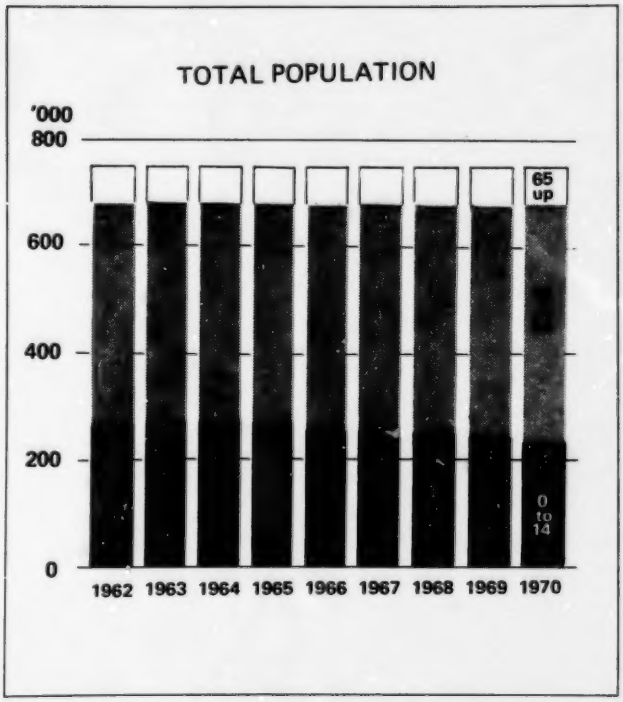
* estimated by V.E.P.

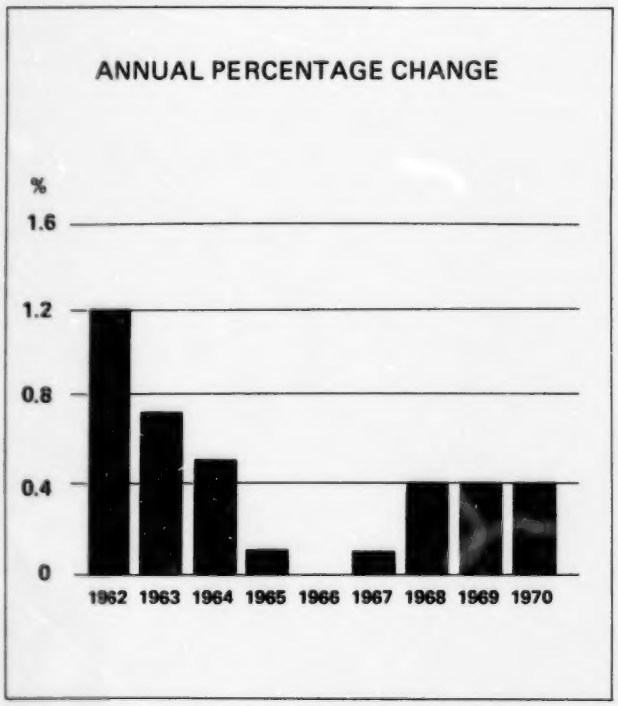
Source: DBS, various publications; estimated figures by VEP Staff.

Population

The total population of Nova Scotia as of June 1, 1970 was 766,000, compared with 763,000 in 1969. Slightly less than one-third of the population (31.2%) was under age 15. Almost sixty per cent (59.9%) was in the working age-groups from 15 to 64. The remainder of the population (8.9%) was aged 65 and over. Over the past ten years, the percentage below age 15 has decreased and the percentage from 15 to 64 has increased, in both cases by about 3.5 points.

Year	Total Population
1962	746,000
1963	751,000
1964	755,000
1965	756,000
1966	756,039
1967	757,000
1968	760,000
1969	763,000
1970	766,000



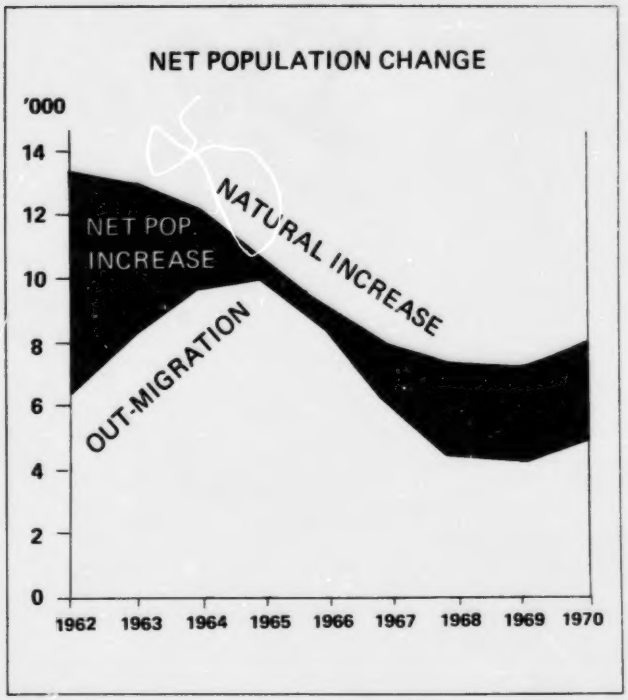


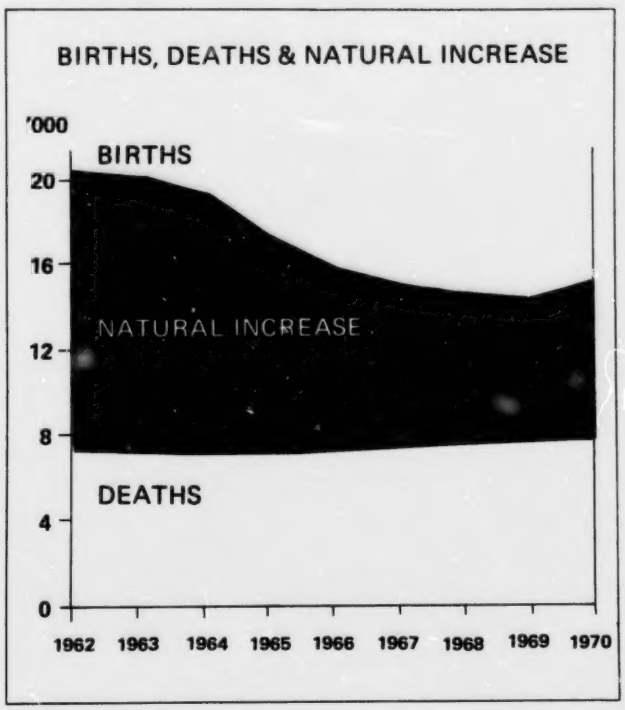
The increase in population from 1969 to 1970 was 3,000, the same as in the preceding year. In percentage terms the increase also remained at the 1968-69 level of 0.4%. The population under age 15 actually decreased by 3,800 in 1969-70, compared with increases of 6,500 in the age 15 to 64 group and 300 at ages 65 and over.

For the first time in ten years, the natural increase in population during the calendar year 1970 showed an upward trend, from 6,955 in 1969 to 7,772 in 1970.

Rate of Natural Increase Per Thousand Population

1962	–	17.5
1963	–	16.8
1964	–	15.8
1965	–	13.5
1966	–	11.6
1967	–	10.1
1968	–	9.4
1969	–	9.1
1970	–	10.1



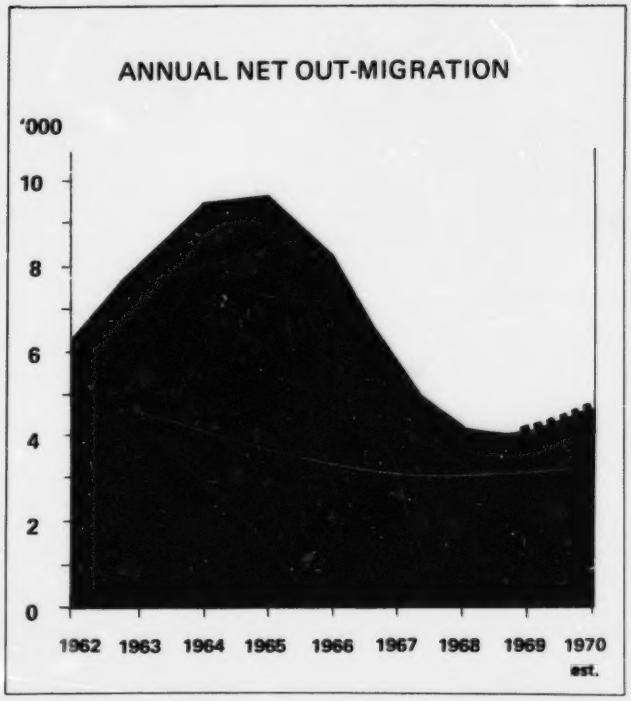


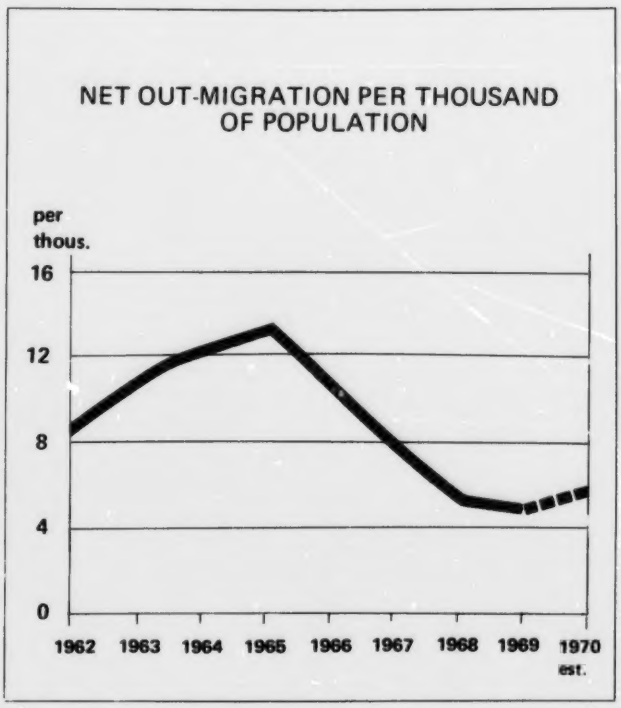
The change in direction of the trend of natural increase was a result of the increased number of births during the year, as the level of deaths remained relatively constant.

Birth Rate Per Thousand Population

1962	–	26.0
1963	–	25.3
1964	–	24.3
1965	–	21.9
1966	–	20.1
1967	–	18.9
1968	–	18.1
1969	–	17.8
1970	–	18.6

Population movements into and out of the Province in recent years have resulted in a net out-migration. The annual population loss due to this factor, after decreasing rapidly since 1965, showed an increase again in 1970 to an estimated 4,772, slightly higher than the 1969 figure of 3,955.





The net rate of out-migration experienced in 1970 rose to an estimated 6.2 per thousand population, higher than the figures for 1968 and 1969.

Net Out-Migration Rate Per Thousand Population

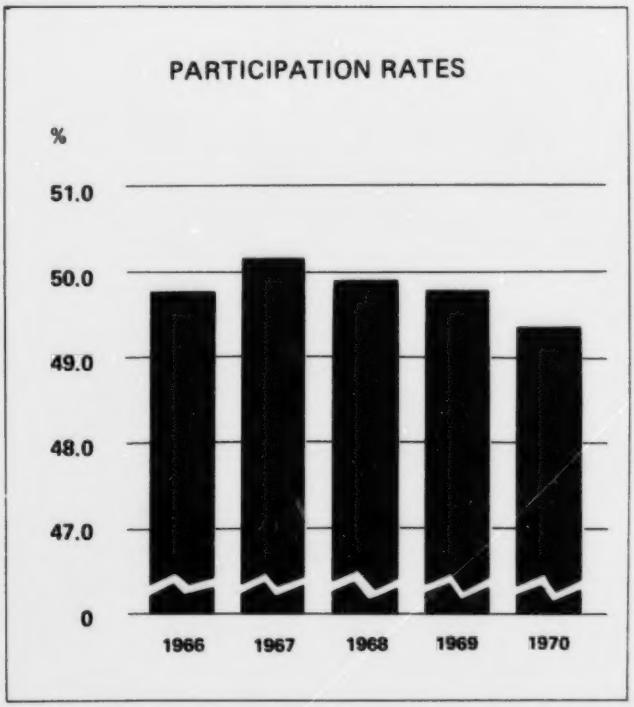
1962	–	8.2
1963	–	10.8
1964	–	12.5
1965	–	12.8
1966	–	10.9
1967	–	7.5
1968	–	5.5
1969	–	5.2
1970	–	6.2 (est.)

Employment

Nova Scotia's labour force continued to grow in 1970, though less rapidly than in 1969. The average labour force during the year increased by 3,000 over the 1969 figure to 261,000.

Year to Year Percentage Change

1965-1966	+2.5
1966-1967	+1.6
1967-1968	+0.8
1968-1969	+1.6
1969-1970	+1.2



In spite of the increase in size of the labour force and the population, the participation rate (labour force as a percentage of population 14 years of age and over) decreased further to 49.4% compared with 49.7% in 1969.

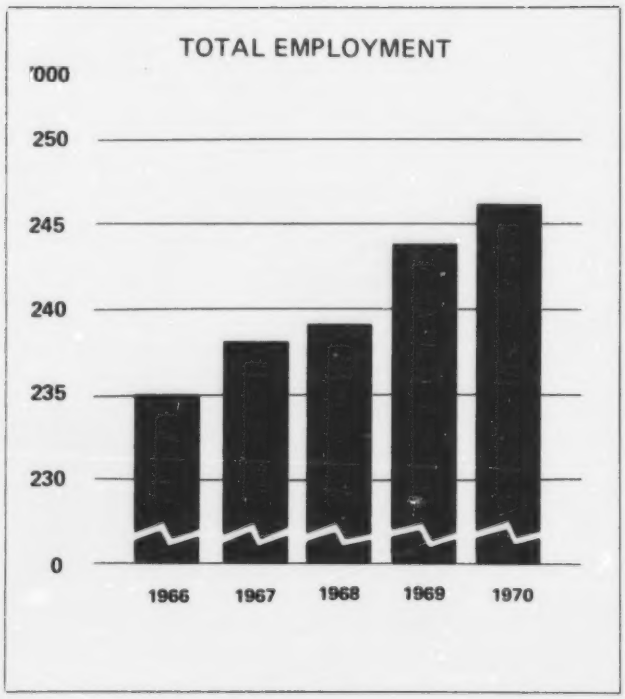
Factors in the decrease in participation rate are the larger numbers of young people taking training before entering the labour force and a tendency towards retirement at earlier ages.

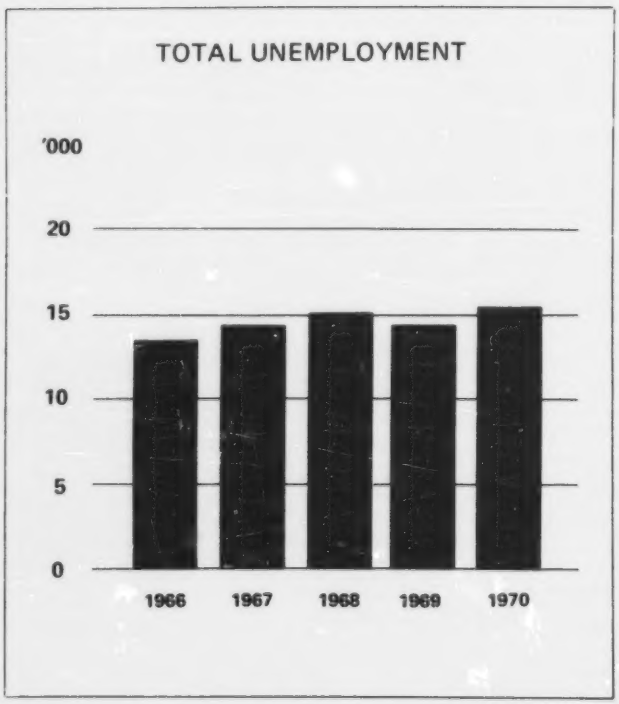
Of the total labour force, the average number employed over the year increased from 244,000 in 1969 to 246,000 in 1970.

However, the actual increase and the annual rate were both below the 1968-1969 levels.

Year to Year Percentage Change

1965-1966	+2.6
1966-1967	+1.3
1967-1968	+0.4
1968-1969	+2.1
1969-1970	+0.8





Average total unemployment increased by 1,000 in 1970 to 15,000, a return to the 1968 level.

Unemployment was particularly high in the early months of 1970, and again in December.

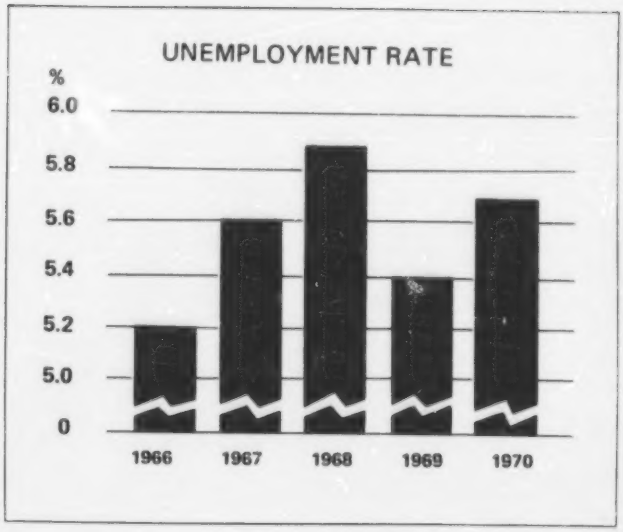
Year to Year Percentage Change

1965-1966	+0.0
1966-1967	+7.7
1967-1968	+7.1
1968-1969	−6.7
1969-1970	+7.1

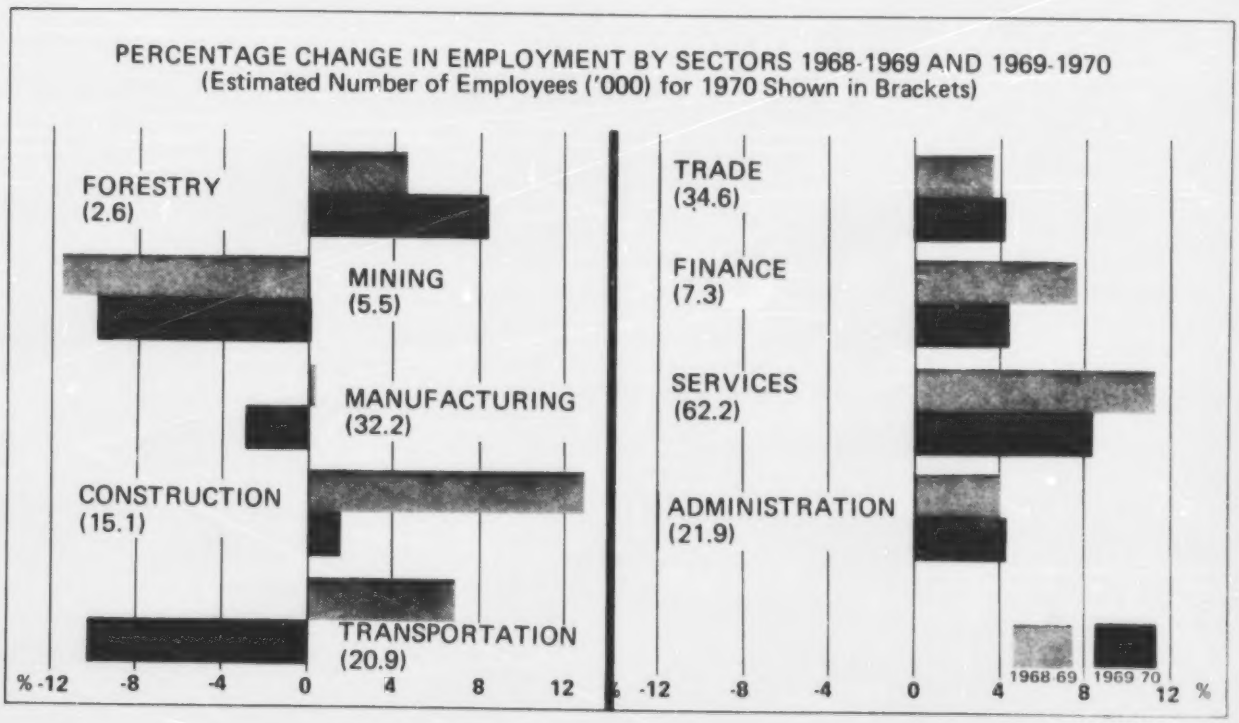
The average unemployment rate for 1970 was 5.7%, an increase over the 1969 figure of 5.4%. The monthly rates showed an unusually high increase in December.

Unemployment Rate (Per Cent)

1966	5.2
1967	5.6
1968	5.9
1969	5.4
1970	5.7



Employment figures by sector are available for all except agriculture and fishing sectors. Study of available figures shows that all sectors except mining, manufacturing and transportation continued to grow in 1970 as compared with 1969. However, only the forestry sector showed a substantially higher growth rate than in 1968-1969.

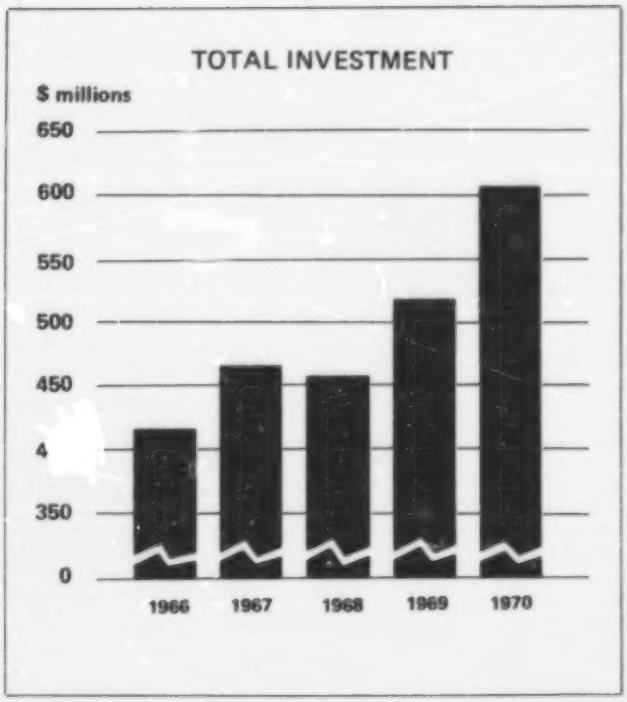


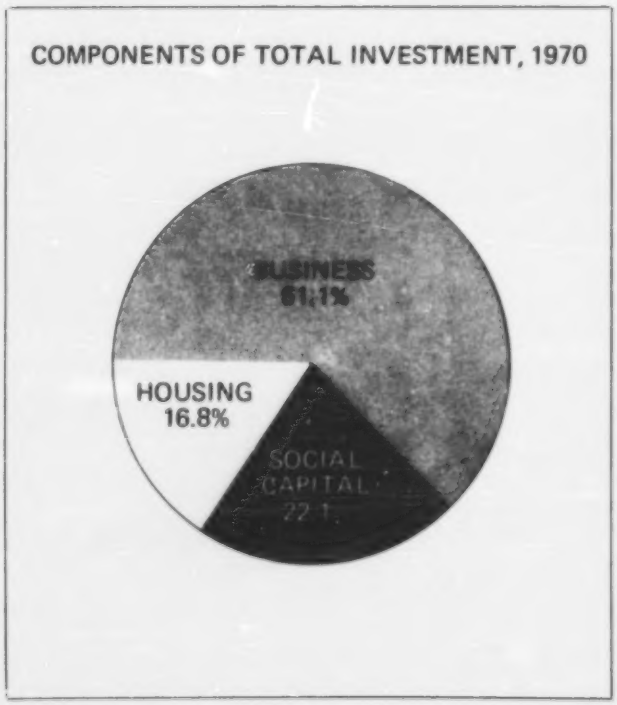
Investment

Total capital investment intentions in 1970 reached their highest level at $609.8 million. The increase over the actual 1969 figure was almost nineteen per cent, much higher than the 1968-1969 increase.

Year to Year Percentage Change

1965-1966	+29.6
1966-1967	+12.3
1967-1968	– 0.4
1968-1969	+11.4
1969-1970	+18.8





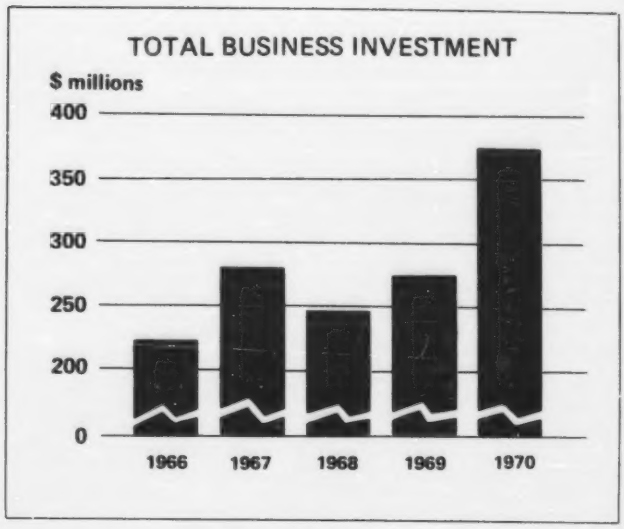
The major components of total investment are business investment, social capital and housing. The business investment component increased considerably in 1970 as compared with 1969, but the proportions of investment in social capital and in housing both decreased.

	Percent of Total	
	1969	1970
Business	53.3	61.1
Social Capital	28.5	22.1
Housing	18.2	16.8
	100.0	100.0

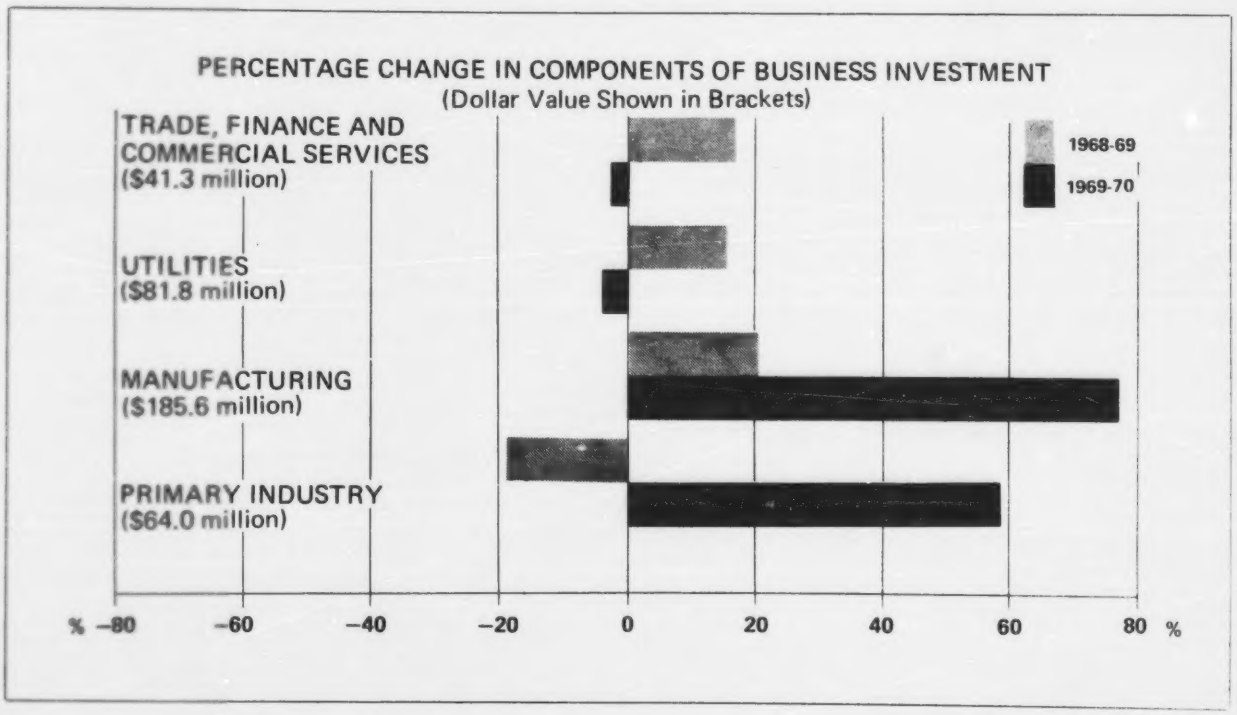
Total business investment attained its highest level of $372.7 million in 1970, an increase of more than one-third over the 1969 investment.

Year to Year Percentage Change

1965-1966	+32.9
1966-1967	+22.0
1967-1968	– 9.4
1968-1969	+10.2
1969-1970	+36.3



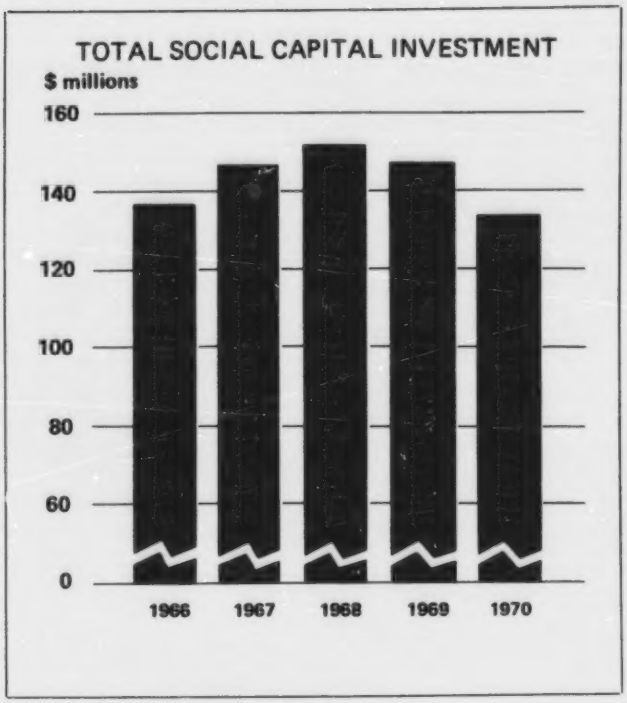
Analysis of investment in the business sector into its components shows that large increases in the level of investment in manufacturing and primary industry in 1970 outweighed small decreases in trade, finance and commercial services and utilities.

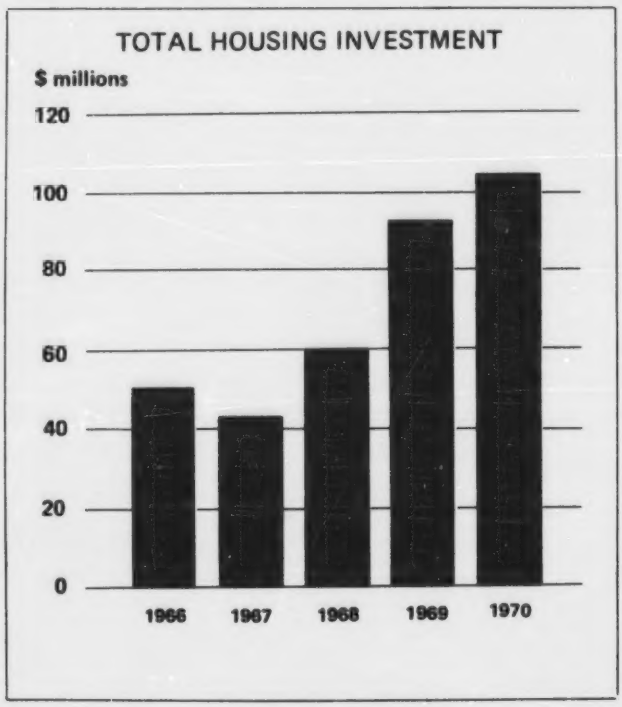


Investment in social capital (institutional services and government departments) of $134.8 millions for 1970 showed a decrease of about eight per cent of the 1969 figure.

Year to Year Percentage Change

1965-1966	+40.1
1966-1967	+ 6.6
1967-1968	+ 4.1
1968-1969	– 3.7
1969-1970	– 7.9





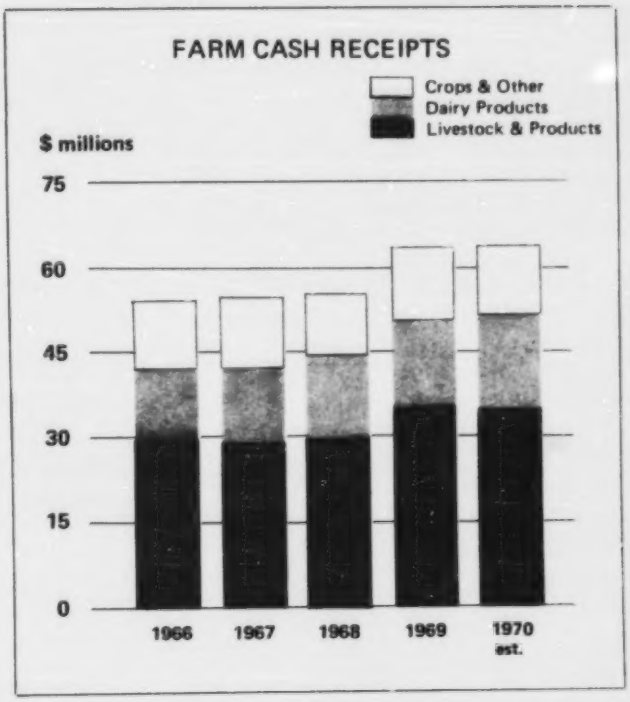
Housing investment of $102.3 million, almost ten per cent over the 1969 level, showed a much smaller percentage increase than in the previous two years.

Year to Year Percentage Change

1965-1966	– 1.4
1966-1967	–15.5
1967-1968	+42.5
1968-1969	+54.6
1969-1970	+ 9.5

Output

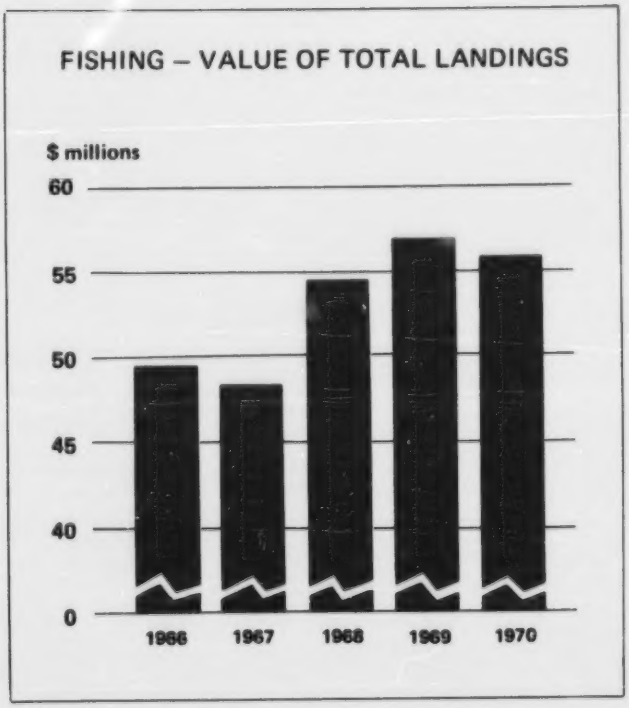
Note: The following section relates only to the output of the commodity sectors, as the output from the remaining sectors of the economy, business and personal services, finance and government, cannot at present be measured.



Agricultural output, as measured by farm cash receipts, remained at the same level as in 1969. Livestock and products (excluding dairy products) account for about 55% of the receipts, dairy products about 25% and crops and other items about 20%.

Year to Year Percentage Change

1965-1966	+ 6.4
1966-1967	+ 0.2
1967-1968	+ 1.5
1968-1969	+14.6
1969-1970	+ 0.0 (est.)



The total value of output in the fishing industry decreased by about two per cent over the 1969 value. The reduction was mainly due to the strike in late spring and summer.

Year to Year Percentage Change

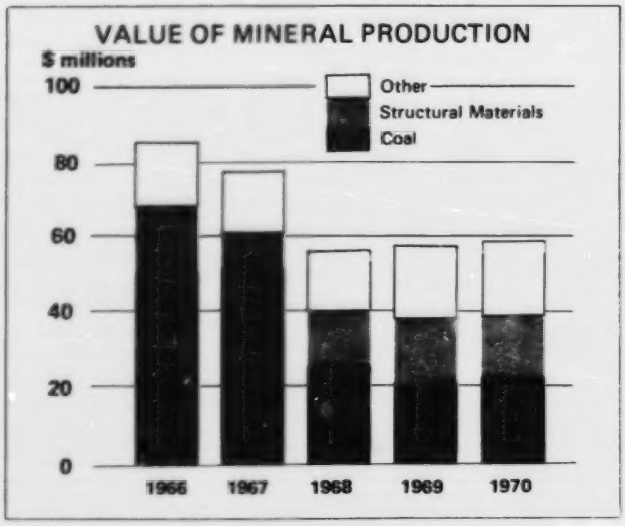
1965-1966	+ 0.2
1966-1967	– 2.5
1967-1968	+13.3
1968-1969	+ 6.4
1969-1970	– 1.9

The value of mineral production remained at almost the same level in 1970 as in 1969. Coal accounted for about 37% of the output value, total structural materials about 29%, and other minerals, principally gypsum, salt and barite, about 34%.

Year to Year Percentage Change

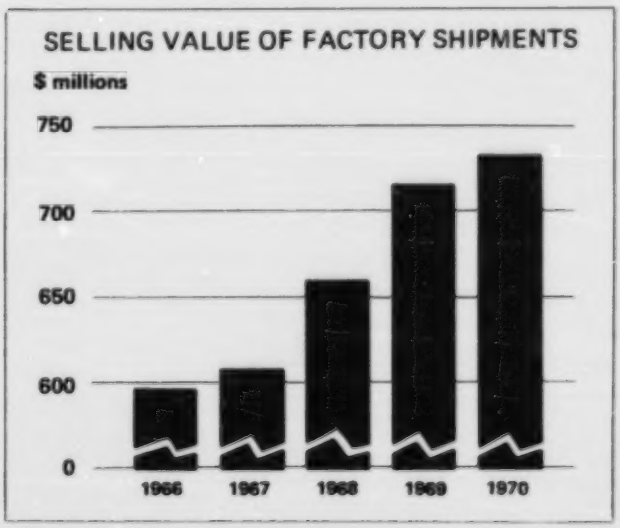
1965-1966	+20.7
1966-1967	− 9.6
1967-1968*	−26.2
1968-1969	+ 3.0
1969-1970	− 0.1

*The large decrease in value from 1967 to 1968 was mainly a result of the removal of subvention payments on coal.



	Domestic Pulpwood (Cords)	Lumber (m.ft.b.m.)
1966	418,603	222,595
1967	548,733	193,217
1968	824,033	201,021
1969	752,564	225,112
1970 (est.)	710,000	180,000

Estimates of value are not available for forestry output, but production by quantity dropped in 1970. Domestic pulpwood decreased by 5.7%, and lumber, including boxwood, by 20.0%, from the 1969 levels.



The selling value of factory shipments in the manufacturing industries, which totalled $733.3 million in 1970, was only slightly up over the 1969 value.

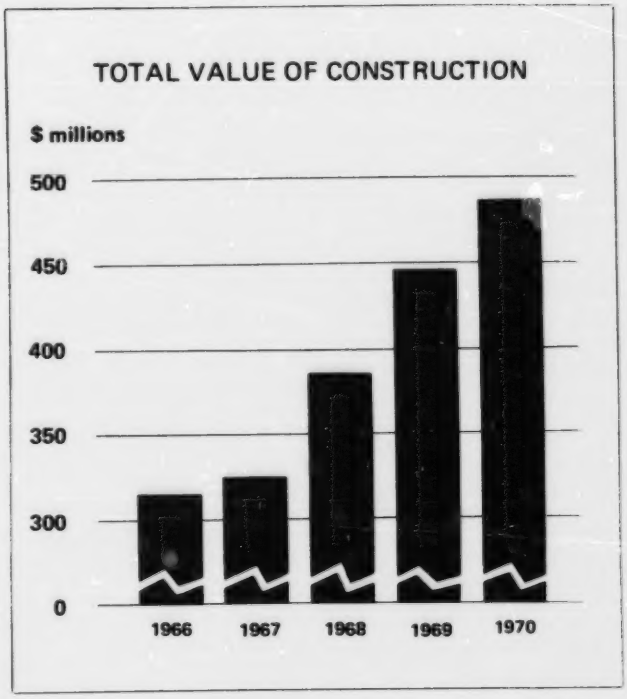
Year to Year Percentage Change

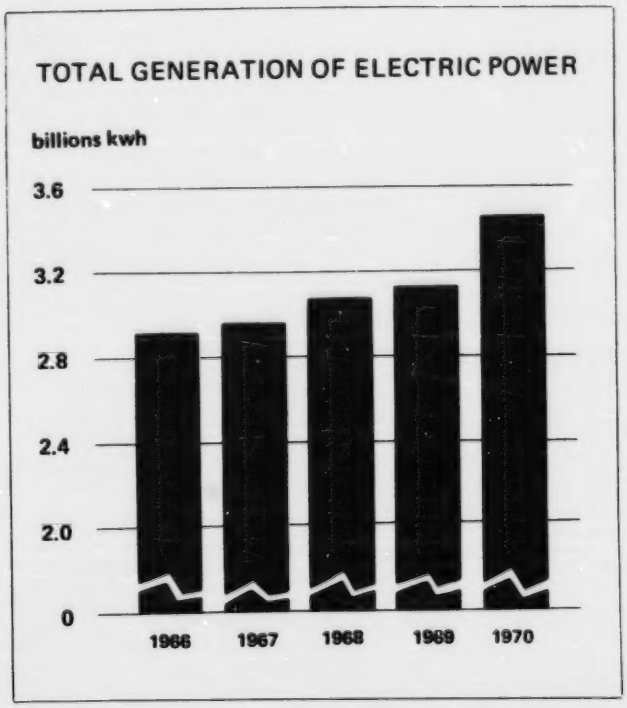
1965-1966	+6.3
1966-1967	+2.1
1967-1968	+8.6
1968-1969	+8.4
1969-1970	+1.9

Following extremely high increases in 1968 and 1969, construction in 1970, estimated at $486 million, slowed down in its rate of increase to about eight per cent over the 1969 actual value.

Year to Year Percentage Change

1965-1966	+22.7
1966-1967	+ 2.8
1967 1968	+18.2
1968-1969	+17.2
1969-1970	+ 8.4





The net generation of electric power, measured in kilowatt hours, showed a substantial increase of eleven per cent over the 1969 figure.

Year to Year Percentage Change

1965-1966	+ 9.1
1966-1967	+ 3.0
1967-1968	+ 3.5
1968-1969	+ 1.6
1969-1970	+11.1

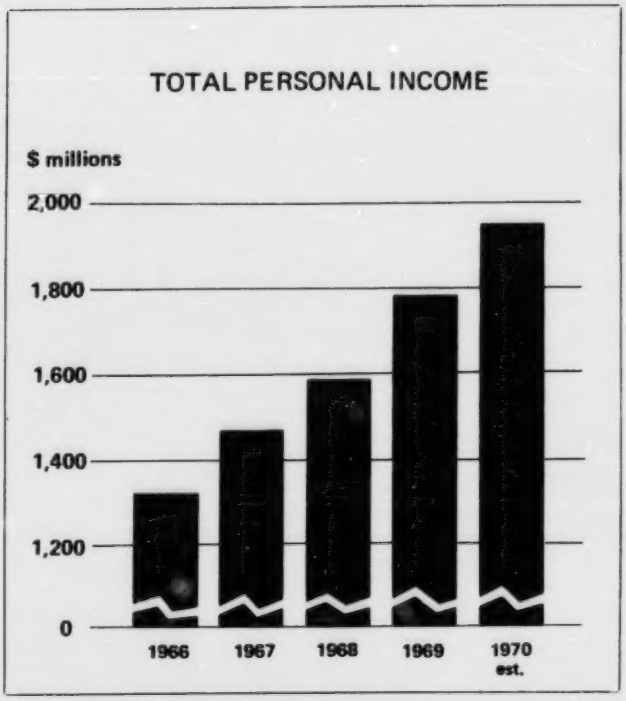
Incomes

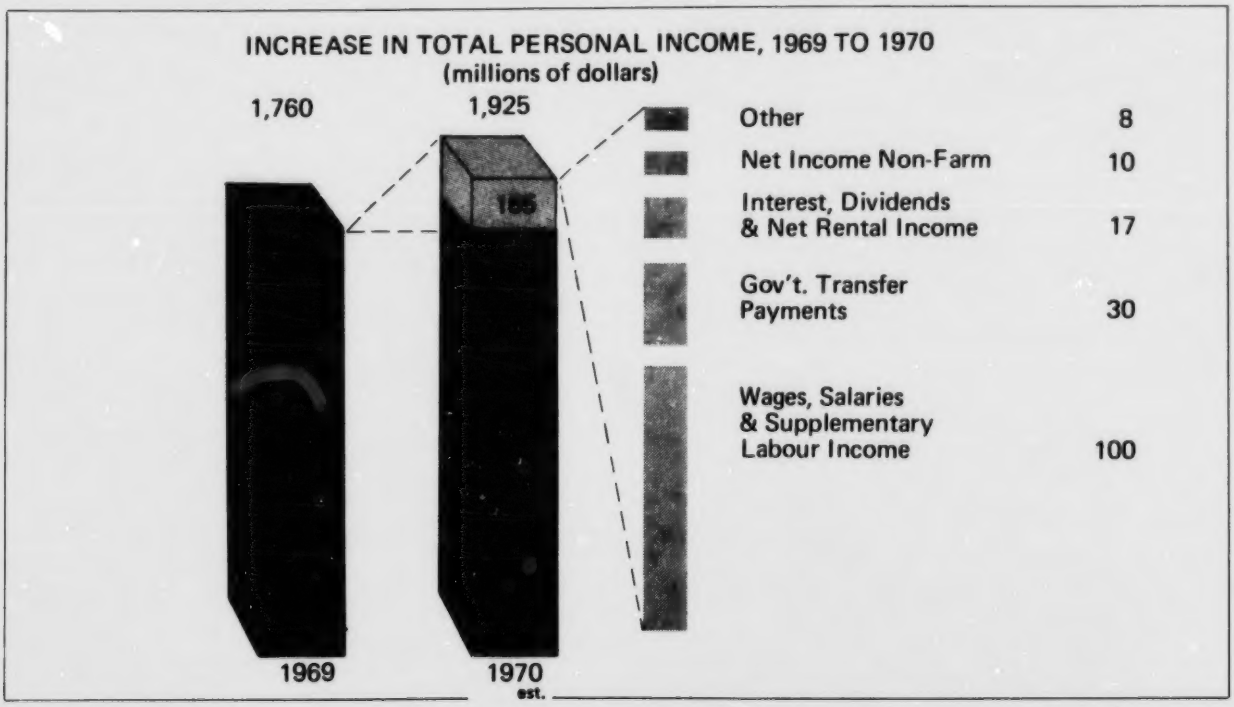
In 1970, total personal income increased almost ten per cent to $1,925 million.

Year to Year Percentage Change

1965-1966	+ 9.7
1966-1967	+11.4
1967-1968	+ 9.2
1968-1969	+11.7
1969-1970	+ 9.4 (est.)

Wages and salaries accounted for the major portion of total personal income and made the most significant contribution to increasing total income.
Government transfer payments (pensions and allowances) comprised the next largest component. Other major components which showed increases were net income from non-farm unincorporated business, and interest, dividends and net rental income. Net income from farm production decreased slightly from 1969 to 1970.



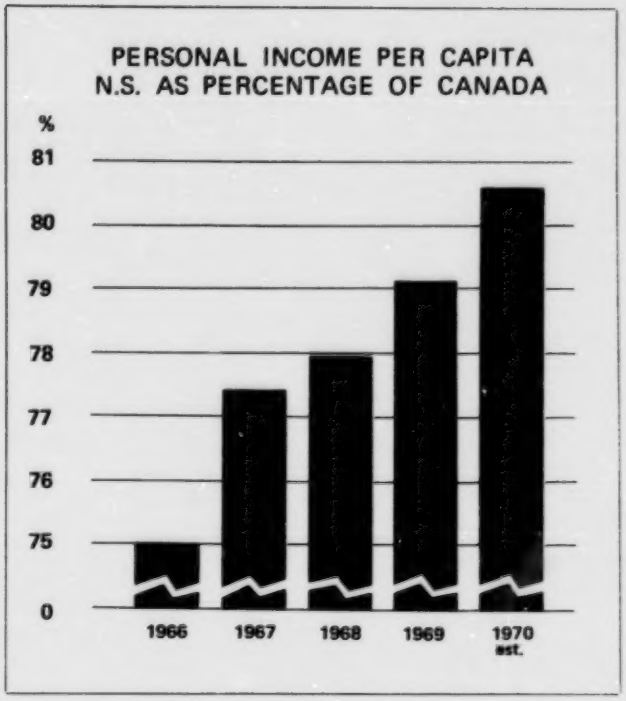


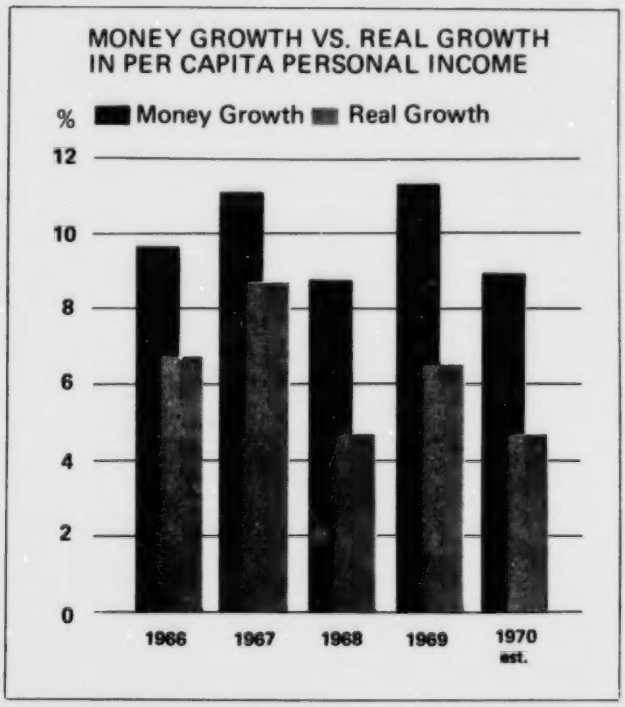
Income per capita in Nova Scotia in 1970 reached $2,513, which represents an increase of 8.9% over the 1969 figure.

Nova Scotia Per Capita Income

1966	$1,713
1967	1,905
1968	2,072
1969	2,307
1970	2,513 (est.)

Comparison of the Nova Scotian with the Canadian per capita income indicates a further narrowing of the income gap in percentage terms, 80.5% in 1970 compared with 79.2% in 1969. The absolute gap between Nova Scotia and Canada remained about the same, $608 as compared with $606 in 1969.





Each year a portion of the increase in Nova Scotia per capita income has been eroded by an increase in prices. In 1970, a money increase of 8.9% was recorded in per capita income. However, allowing for price increases as expressed by the Consumer Price Index, the real increase was only 4.6%, this being a lower real gain than that attained in the past several years.

Percentage Increase in Per Capita Income

	Money	Real
1965-1966	9.6	6.8
1966-1967	11.2	8.7
1967-1968	8.8	4.7
1968-1969	11.3	6.4
1969-1970	8.9(est.)	4.6(est.)

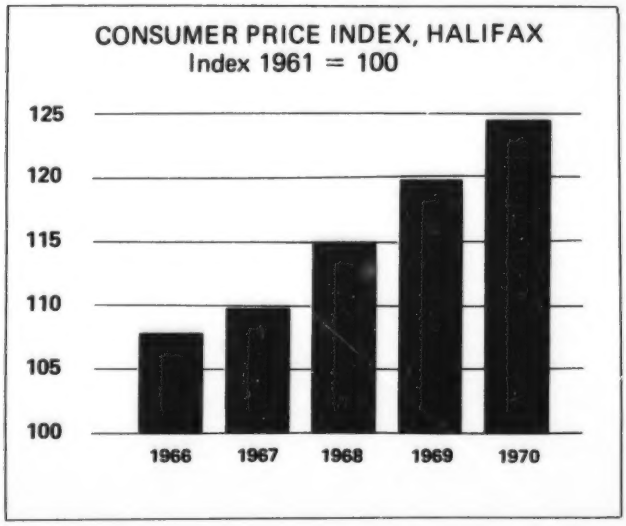
Prices

Prices in 1970, as reflected in the Consumer Price Index for Halifax, again showed a high percentage increase of over four per cent for the year.

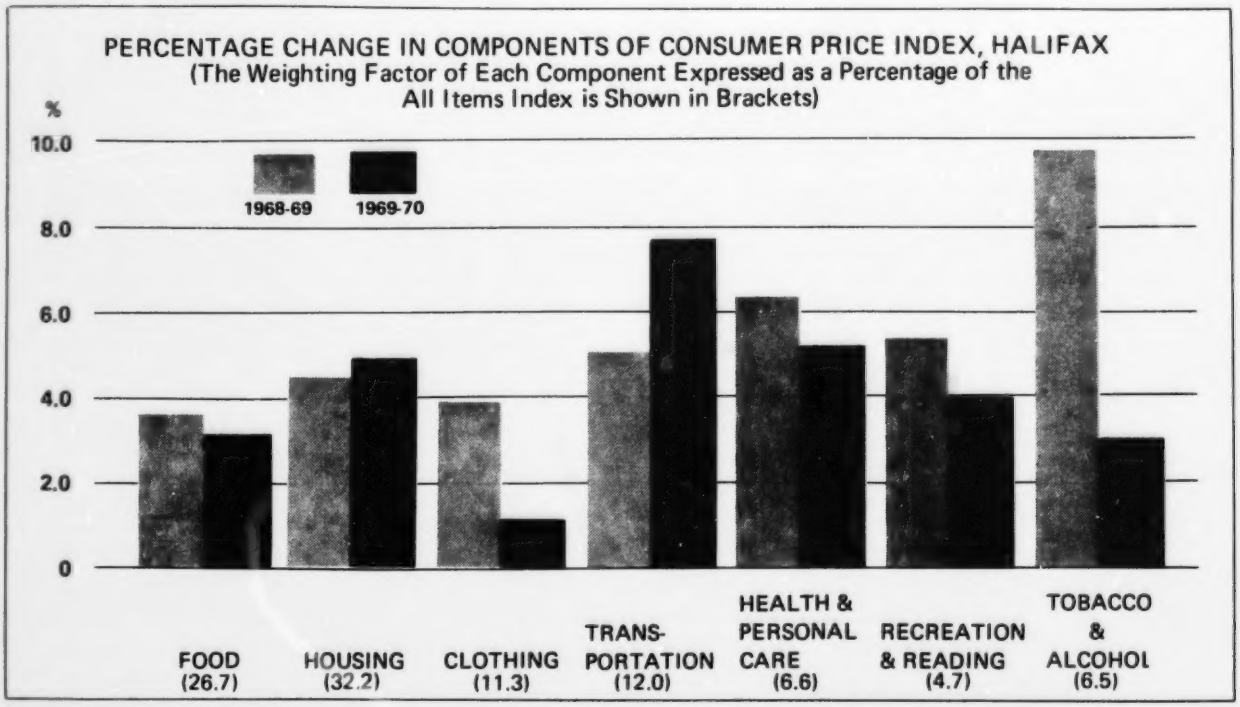
However, downturns in the price indexes of food and clothing in September and December prevented the increase in the average index from reaching the high level of 1969.

Year to Year Percentage Change

1965-1966	+2.7
1966-1967	+2.3
1967-1968	+3.9
1968-1969	+4.6
1969-1970	+4.1



All the components of the Halifax Consumer Price Index in 1970 again showed percentage increases over the previous year. The index for transportation showed the largest percentage increase, whereas those for clothing and tobacco and alcohol showed the smallest percentage increases.

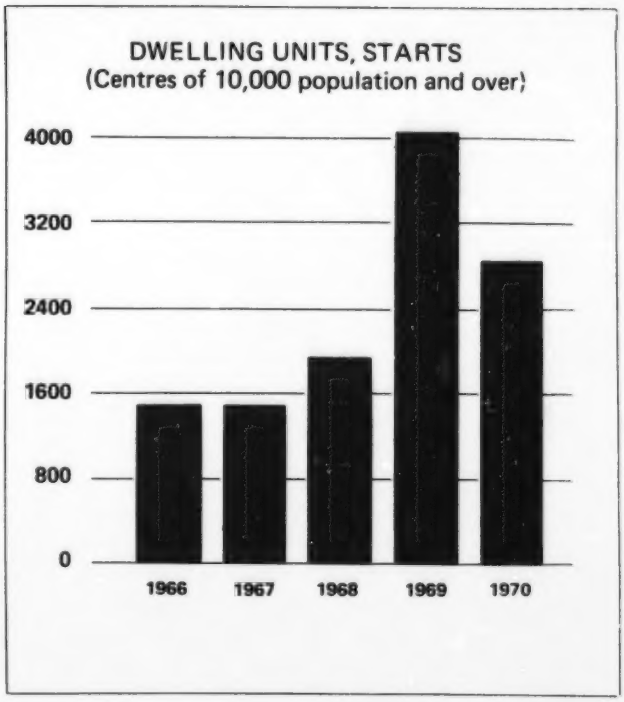


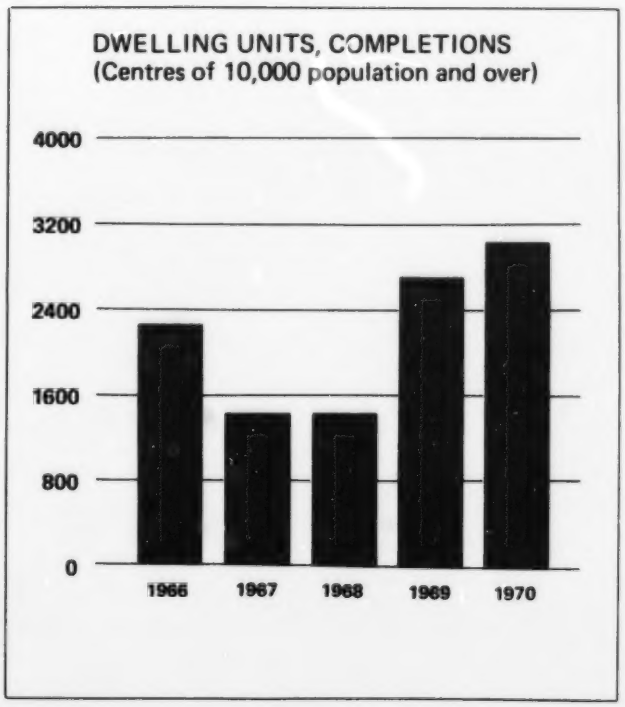
Housing

The number of dwelling starts in centres of 10,000 population and over dropped considerably in 1970, as compared with 1969. High mortgage interest rates contributed to the decrease of twenty-nine per cent in housing starts.

Year to Year Percentage Change

1965-1966	– 26.5
1966-1967	+ 0.3
1967-1968	+ 33.1
1968-1969	+104.3
1969-1970	– 28.9





The number of dwelling completions, however, showed a small increase over the 1969 figure. The carry-over from the large number of starts in 1969 gave rise to the ten per cent increase in completions in centres of 10,000 population and over.

Year to Year Percentage Change

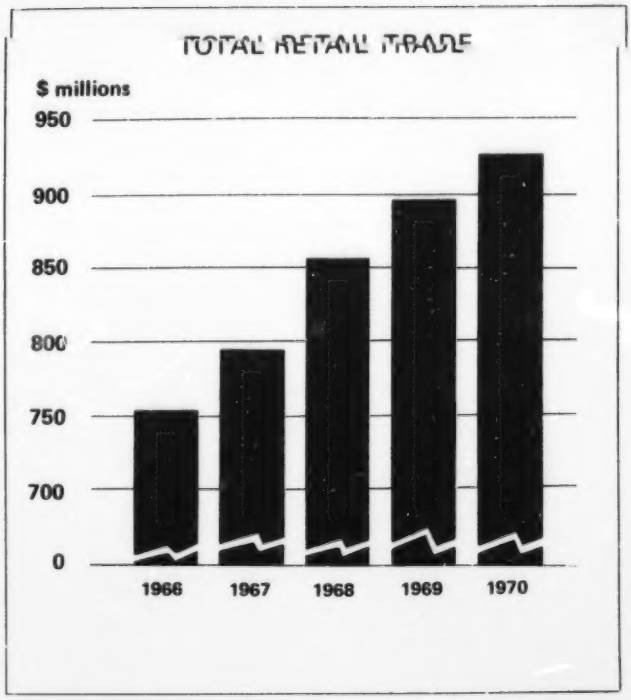
1965-1966	+16.8
1966-1967	–38.3
1967-1968	+ 3.6
1968-1969	+91.9
1969-1970	+10.3

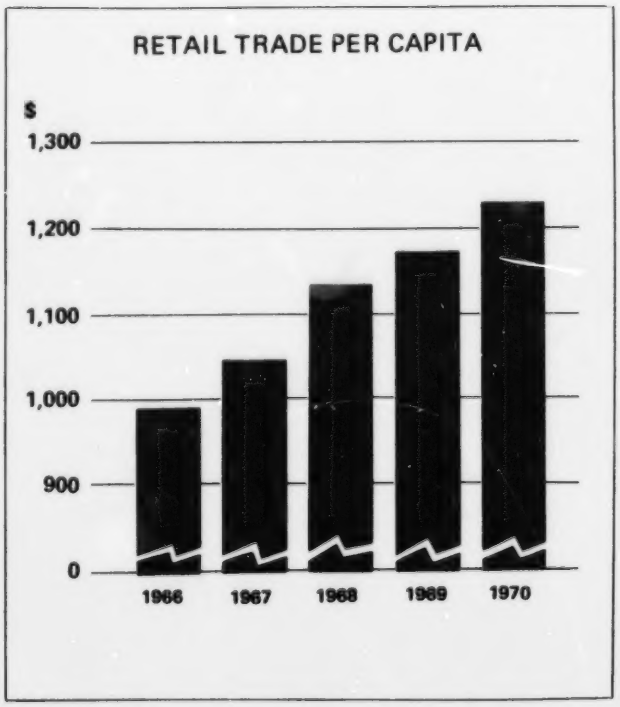
Retail Trade

Total retail trade in 1970 increased by five per cent over 1969. There was a particularly noticeable upswing over the summer months, reflecting the increasing importance of the tourist trade to the retail sector.

Year to Year Percentage Change

1965-1966	+5.9
1966-1967	+5.4
1967-1968	+8.8
1968-1969	+3.6
1969-1970	+5.1





Retail trade per capita in Nova Scotia was $1,227 in 1970, an increase of nearly five per cent over the 1969 figure, slightly higher than the 1968-1969 increase.

Year to Year Percentage Change

1965-1966	+5.8
1966-1967	+5.2
1967-1968	+8.4
1968-1969	+3.2
1969-1970	+4.7

Projections 1971-1981

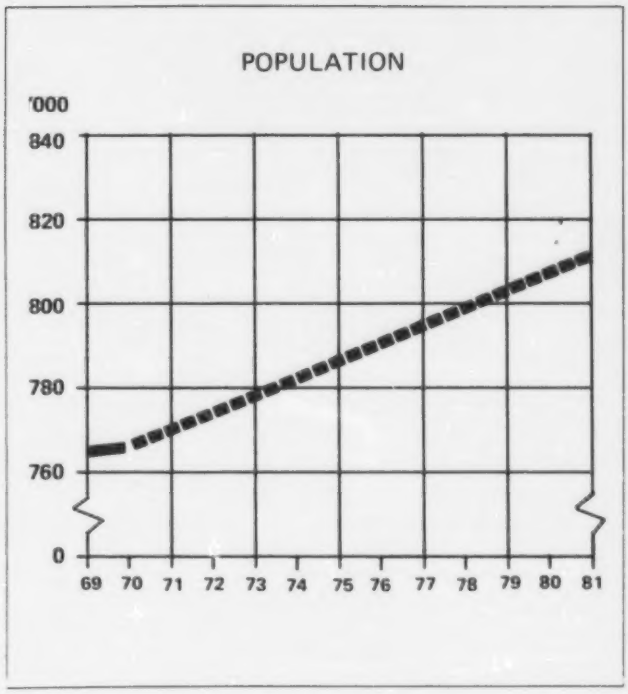
The following tables and charts contain projections* of eight economic indicators for Nova Scotia, i.e. population, labour force, total investment, manufacturing shipments, personal income, prices, dwelling starts and retail trade, for the years 1971-1981. Personal income and retail trade are given on both total and per capita bases.

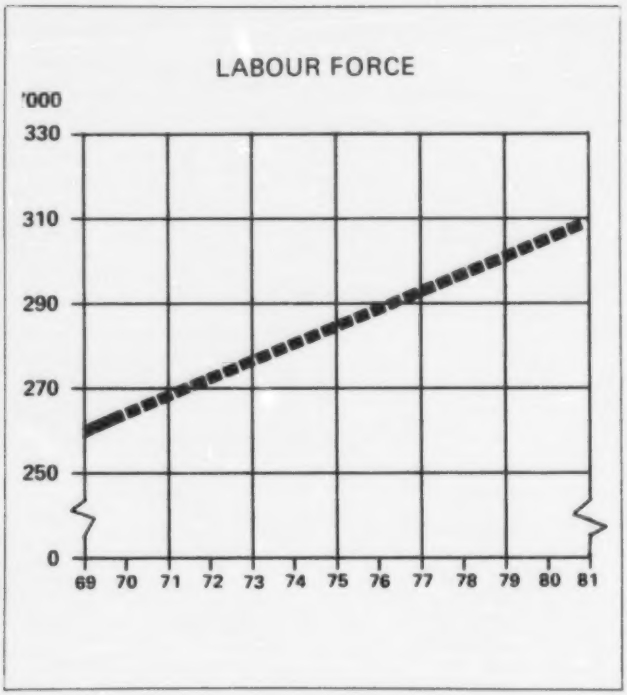
A note of warning should be sounded here regarding the use of these projections. The figures have been obtained by extending into the future the approximate trends shown by these indicators in the recent past. No attempt has been made to allow for possible changes due to the effect of other variables except in the case of per capita figures, which take account of population changes.

The projections should, therefore, **not** be taken as forecasts by VEP of what will happen in the future, but only as estimates of what could happen if the trends of the recent past continue without change in direction. Further, the trends themselves are open to interpretation in various ways by different people, and only one of several possibilities has been selected for each indicator.

*All projected indicators, except the population figures mentioned below, were prepared by Voluntary Economic Planning. Population projections for 1971, 1976 and 1981 were supplied by Prof. A.S. Harvey, Dalhousie Institute of Public Affairs.

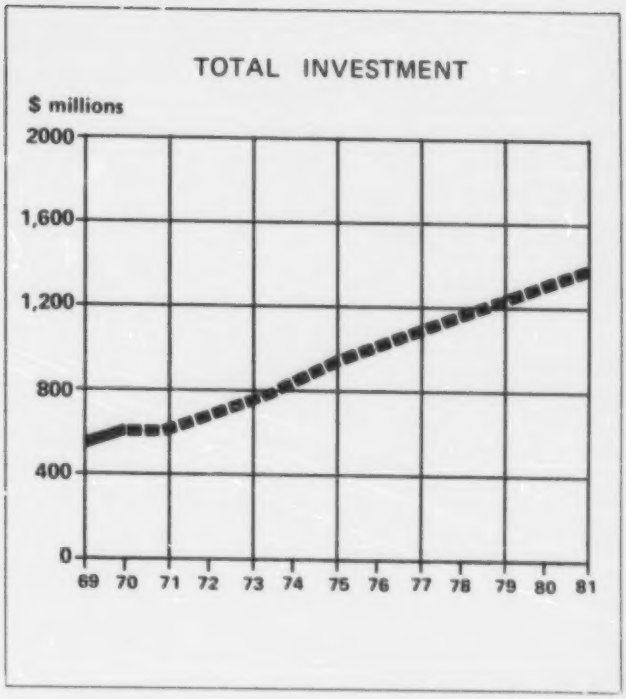
Year	Projected Population	Per Cent Increase
1971	771,856	0.8
1972	775,021	0.4
1973	778,337	0.4
1974	781,803	0.4
1975	785,420	0.5
1976	789,187	0.5
1977	793,106	0.5
1978	797,176	0.5
1979	801,396	0.5
1980	805,767	0.5
1981	810,288	0.6

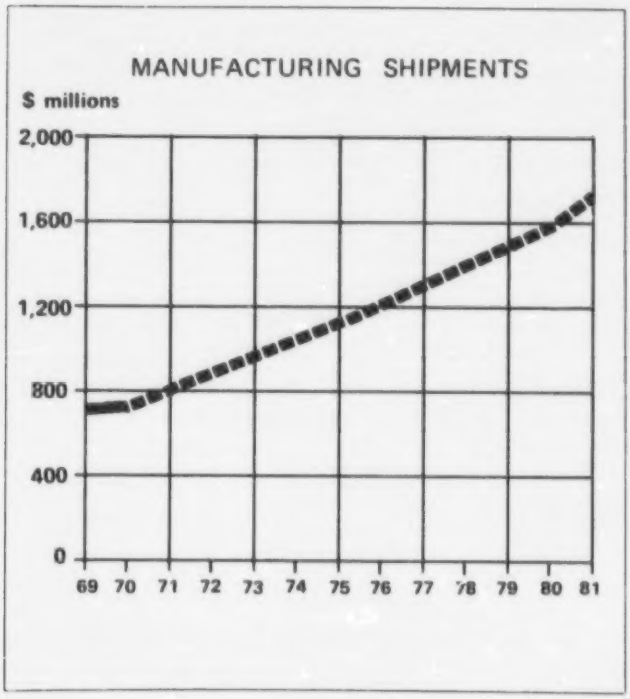




Year	Projected Labour Force	Per Cent Increase
1971	267,000	2.3
1972	272,000	1.9
1973	276,000	1.5
1974	280,000	1.4
1975	284,000	1.4
1976	288,000	1.4
1977	293,000	1.7
1978	297,000	1.4
1979	301,000	1.3
1980	305,000	1.3
1981	310,000	1.6

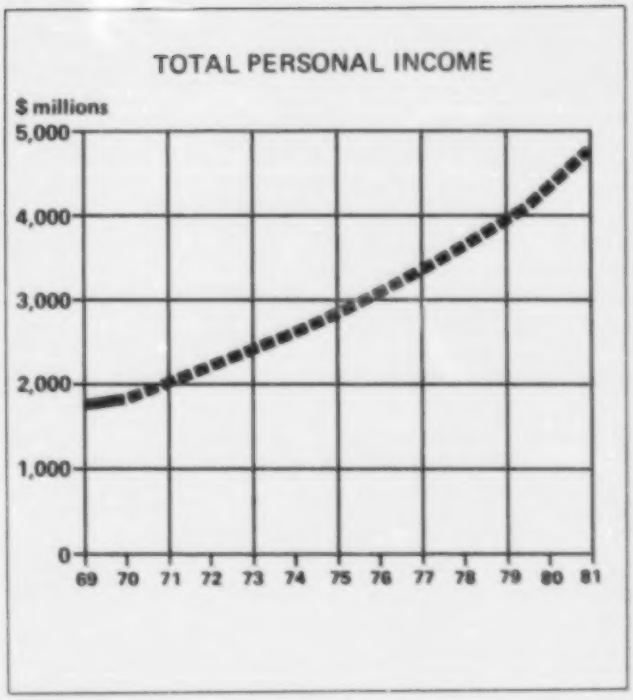
Year	Projected Total Investment ($'000,000)	Per Cent Increase
1971	627.0	2.8
1972	684.3	9.1
1973	744.8	8.8
1974	808.4	8.5
1975	875.4	8.3
1976	945.5	8.0
1977	1,018.8	7.8
1978	1,095.4	7.5
1979	1,175.1	7.3
1980	1,258.1	7.1
1981	1,344.3	6.9

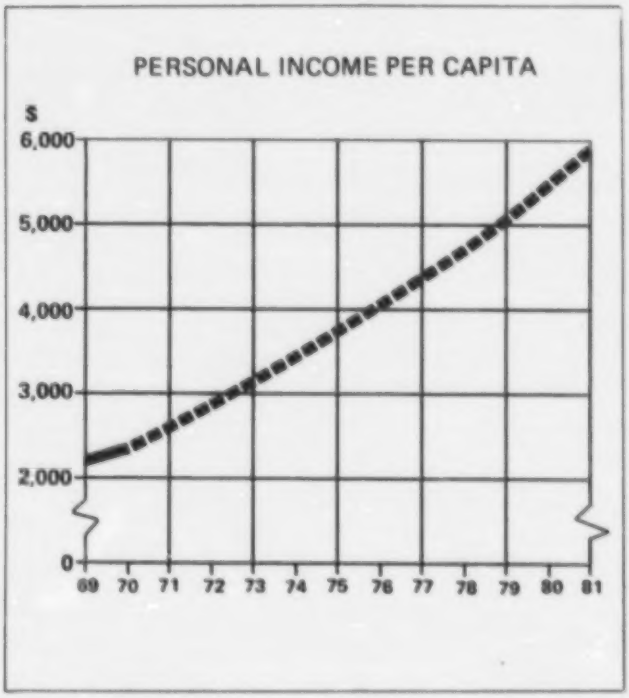




Year	Projected Manufacturing Shipments ($'000,000)	Per Cent Increase
1971	827.5	12.6
1972	889.6	7.5
1973	956.3	7.5
1974	1,028.0	7.5
1975	1,105.1	7.5
1976	1,187.9	7.5
1977	1,277.0	7.5
1978	1,372.8	7.5
1979	1,475.7	7.5
1980	1,586.4	7.5
1981	1,705.3	7.5

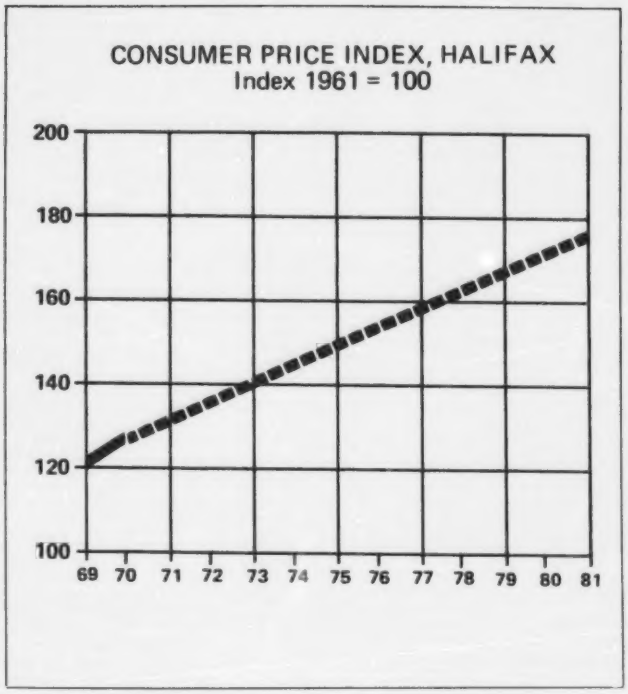
Year	Projected Total Personal Income ($'000,000)	Per Cent Increase
1971	1,989	3.3
1972	2,161	8.6
1973	2,351	8.8
1974	2,561	8.9
1975	2,792	9.0
1976	3,047	9.1
1977	3,328	9.2
1978	3,638	9.3
1979	3,979	9.4
1980	4,356	9.5
1981	4,771	9.5

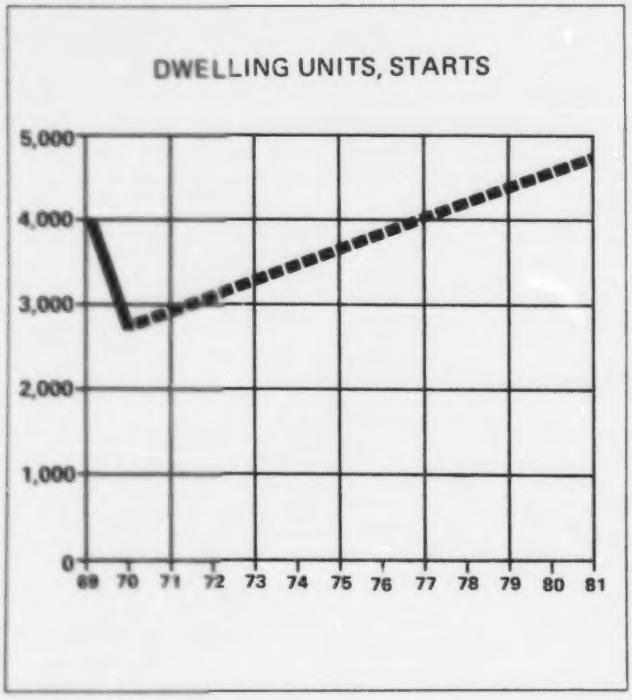




Year	Projected Personal Income Per Capita ($)	Per Cent Increase
1971	2,577	2.5
1972	2,788	8.2
1973	3,021	8.4
1974	3,276	8.4
1975	3,555	8.5
1976	3,861	8.6
1977	4,196	8.7
1978	4,564	8.8
1979	4,965	8.8
1980	5,406	8.9
1981	5,888	8.9

Year	Projected Consumer Price Index (1961=100.0)	Per Cent Increase
1971	125.6	1.0
1972	129.6	3.2
1973	133.8	3.2
1974	138.2	3.3
1975	142.9	3.4
1976	147.7	3.4
1977	152.8	3.5
1978	158.2	3.5
1979	163.7	3.5
1980	169.5	3.5
1981	175.5	3.5

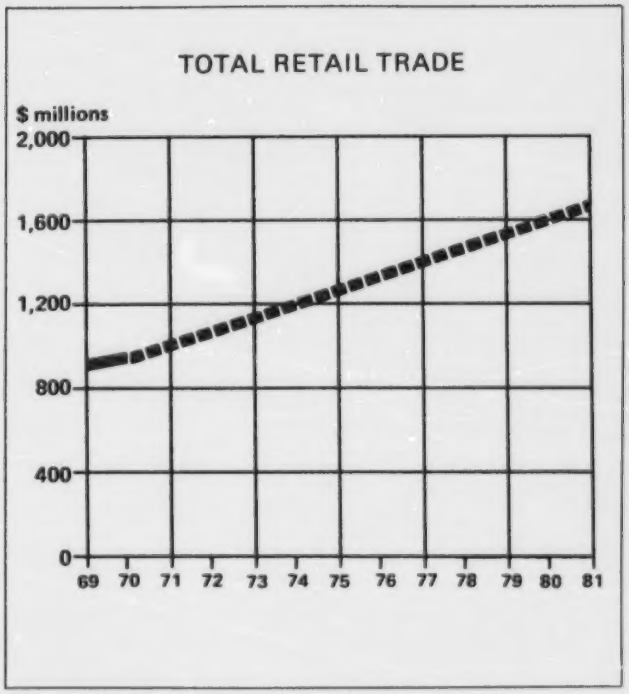


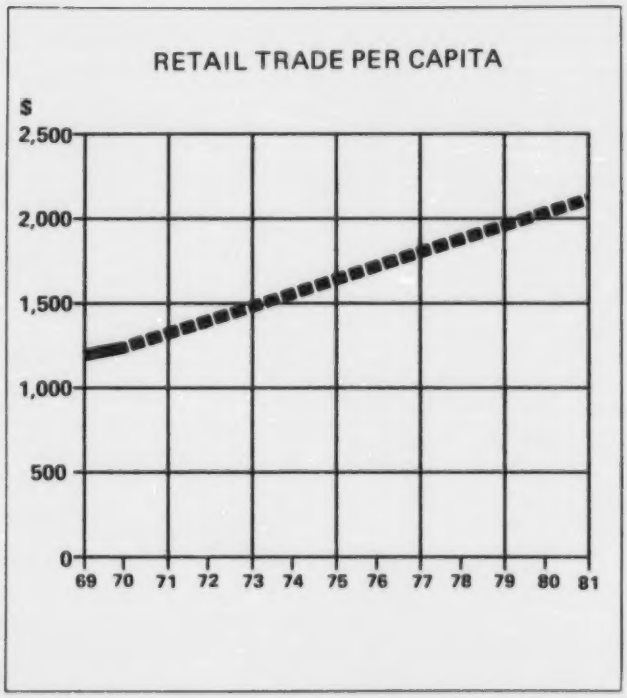


Year	Projected Dwelling Starts*	Per Cent Increase
1971	3,017	5.6
1972	3,189	5.7
1973	3,361	5.4
1974	3,533	5.1
1975	3,704	4.8
1976	3,876	4.6
1977	4,048	4.4
1978	4,220	4.2
1979	4,392	4.1
1980	4,563	3.9
1981	4,735	3.8

*Centres of 10,000 population and over

Year	Projected Total Retail Trade ($'000,000)	Per Cent Increase
1971	996.6	6.7
1972	1,053.7	5.7
1973	1,114.2	5.7
1974	1,178.1	5.7
1975	1,245.7	5.7
1976	1,317.2	5.7
1977	1,392.8	5.7
1978	1,472.7	5.7
1979	1,557.2	5.7
1980	1,646.5	5.7
1981	1,741.0	5.7





Year	Projected Retail Trade Per Capita ($)	Per Cent Increase
1971	1,291	5.9
1972	1,360	5.3
1973	1,432	5.3
1974	1,507	5.2
1975	1,586	5.2
1976	1,669	5.2
1977	1,756	5.2
1978	1,847	5.2
1979	1,943	5.2
1980	2,043	5.1
1981	2,149	5.2